

EXHIBIT 4

Dean Skelos, New York Senate Leader, and His Son Are Said to Be Focus of Corruption Inquiry

By William K. Rashbaum, Susanne Craig and Thomas Kaplan

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Federal prosecutors have begun presenting evidence to a grand jury considering a case against the leader of the New York State Senate, Dean G. Skelos of Long Island, and his son, according to people with knowledge of the matter.

Investigators have served a number of subpoenas in recent weeks, including several to state senators on Long Island, and federal prosecutors have interviewed people who have had dealings with Adam Skelos, the Republican senator's son.

News of the investigation follows the arrest this year of Assemblyman Sheldon Silver, a Manhattan Democrat, and his resignation as speaker; any criminal case against Senator Skelos, the majority leader, would throw the Capitol into further tumult.

Prosecutors and the F.B.I. have focused on at least two areas in their investigation, zeroing in on Adam Skelos's business dealings, according to several people with knowledge of the matter.

One focal point has been Adam Skelos's hiring by an Arizona company, AbTech Industries, as well as a storm-water treatment contract that AbTech was awarded by Nassau County — the senator's political backyard — even though the company was not the low bidder. Another area of inquiry has been a \$20,000 payment to Adam Skelos from a title insurance company that he never worked for.

According to people familiar with the questions being asked by federal authorities, investigators are seeking to determine whether Senator Skelos exerted any influence in matters involving AbTech. They are also examining whether his son's hiring as a consultant was part of a scheme in which the senator, in exchange, would take official action that would benefit AbTech or another company, Glenwood Management, a politically influential real estate developer that has had ties to AbTech.

Any such action could pose a conflict of interest or potentially violate federal corruption statutes. It is unclear what actions, if any, Senator Skelos has taken in connection to his son's business dealings, or how they relate to state government; neither man has been accused of wrongdoing.

All of the people who spoke about the investigation did so on the condition of anonymity because of the delicate nature of the subject.

The investigation is being conducted by the office of Preet Bharara, the United States attorney for the Southern District of New York, who has embarked on an assault against graft and other political misdeeds in Albany, describing the capital as a "caldron of corruption." His critics have accused him of grandstanding, and say his unusually blunt public condemnations of how business is done in Albany have crossed the line for a federal prosecutor.

Glenwood Management, one of the state's largest campaign donors, also surfaced in the criminal case against Mr. Silver, who is accused of steering Glenwood and another developer to a law firm that gave him a cut of their fees. Glenwood has not been accused of wrongdoing in the Silver case or in the investigation involving

the Skeloses.

Adam Skelos, 32, when asked about the investigation during a brief interview outside his house, said he was surprised to learn he was the focus of a federal inquiry. “I had no idea that this was even an issue,” he said. “I got to tell you, this is really unexpected.”

Senator Skelos, 67, and his son did not respond to written questions from The New York Times.

The inquiry into the senator and his son comes at a chaotic time in Albany. In January, state government was rocked when Mr. Silver was arrested on corruption charges brought by Mr. Bharara’s office.

The case against Mr. Silver and the investigation of Mr. Skelos grew in some measure out of the Moreland Commission, an anticorruption panel that Gov. Andrew M. Cuomo created in 2013. The governor, a Democrat, abruptly disbanded the panel last year as part of a budget deal he negotiated in large part with Mr. Skelos and Mr. Silver; Mr. Bharara’s office then opened a criminal inquiry into the shutdown.

As with Mr. Silver’s, Mr. Skelos’s outside income as a lawyer has come under federal scrutiny. In the senator’s case, his law firm, Ruskin Moscou Faltischek, received a federal grand jury subpoena in 2014. In January, WNBC-TV reported that federal investigators were looking into Mr. Skelos’s outside income, with a focus on his ties to the real estate industry. The law firm has not been accused of any wrongdoing.



Mr. Skelos being sworn in this year, with his wife, Gail, and his son, Adam, who is also part of the investigation. Mike Groll/Associated Press

Mr. Bharara's office and the Federal Bureau of Investigation declined to comment.

Adam Skelos, who lives blocks from his father in a well-kept neighborhood in Rockville Centre in Nassau County, is involved in an array of businesses stretching from Long Island to Albany, according to a review by The Times. In recent years, he has held positions at title insurance companies.

But it is his connection to AbTech Industries, which sells spongelike filters to remove pollutants from storm water, that brings him in particular proximity to state and local government.

For a small business in Arizona, AbTech would seem unlikely to be associated with Glenwood, which develops rental apartments in New York City.

Glenwood's link to AbTech is buried in the regulatory filings of AbTech's publicly traded parent company. In 2011, one of its largest investors was a company that shared an address on Long Island with Glenwood's corporate headquarters.

Two men with close ties to the real estate company — Charles Dorego, a top Glenwood executive, and Steven Swarzman, a grandson of Glenwood's longtime principal, Leonard Litwin — have signed public records filed by the company that invested in AbTech's parent company, Abtech Holdings. Mr. Swarzman became friends with AbTech's founder in Arizona, and, impressed by the environmental sponge, became AbTech's East Coast distributor, according to a 2006 article in Newsday.

AbTech's sponge has met with limited commercial success. In fact, the parent company is not profitable and trades at roughly 30 cents a share. But AbTech got what appeared to be a big break in 2013, when it secured a contract worth up to \$12 million from Nassau County for the design, installation and operation of a storm-water treatment system.

Adam Skelos introduced officials at the Nassau Department of Public Works to AbTech, said Mary Studdert, a spokeswoman for the agency. Ms. Studdert said Mr. Skelos had roughly a dozen meetings and phone calls with a senior public works official; that person was a member of the committee that evaluated the proposals for the storm-water project.

The contract was awarded to AbTech, even though another company submitted a substantially lower bid. County officials at the time contended that AbTech would ultimately provide the best value, county documents show.

But the low bidder, Newport Engineering, seemed mystified by the process. Nicholas J. DeSantis, the company's president, said that the Public Works Department never acknowledged receiving his bid and that he was not notified that the contract had been awarded.

So far, AbTech has been paid only a small amount of the potential value of the contract, according to the county comptroller's office. In an unusual arrangement for a local public works project in New York, the contract calls for AbTech to oversee both design and construction, requiring Nassau to secure state legislative approval for the contract to go forward as intended. No lawmaker has sponsored the necessary legislation, Ms. Studdert said.

The Nassau County executive, Edward P. Mangano, a Republican who held a news conference in 2014 to publicize the AbTech contract, did not respond to questions sent to his spokesman.

AbTech has not been accused of wrongdoing and did not respond to written questions from The Times. A lawyer for Glenwood, Alan Levine, declined to comment.

In addition to AbTech's effort to solicit government contracts, a subsidiary of its parent company has lobbied in Albany on several matters, including engineering issues, although it is unclear whether those activities are under federal scrutiny.

Federal investigators have also focused on a one-time \$20,000 signing bonus paid to Adam Skelos by American Land Services, a title insurance firm, according to people with knowledge of the matter. Mr. Skelos never went to work at the company and did not return the money, the people said.

American Land Services also has at least one indirect link to Glenwood, although it is not known whether that is under scrutiny by federal authorities. Property records show that in June 2014, a senior executive at American Land Services paid \$330,000 for an undeveloped South Carolina vacation property along a golf

course on Kiawah Island. The executive, Tom Dwyer, the company's chief operating officer, bought the parcel from Mr. Dorego, the Glenwood executive, who personally financed Mr. Dwyer's mortgage.

Neither Mr. Dwyer nor other executives at American Land Services responded to requests for comment by phone and email. Mr. Dorego declined to answer questions, telling a reporter, "I have nothing to say."

Susan C. Beachy contributed research.

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